(b) what were the penalities for adulteration earlier and what are they now; and

(c) what are the reasons for reducting them?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRIMURLI DEORA): (a) No, Sir.

(b) The new Marketing Descipline Guidelines (MDG), 2005, effective from 1.08:2005, provide for the penalty of termination of dealerships for proven cases of adulteration at the first instance itself. The earlier guidelines of 2001, provided for a fine of Rs 20,000/- and suspension of sales and supplies of products for a period of 30 days at the first instance of proven cases of adulteration, and the penality of termination of dealership in proven cases of adulteration at the second instance.

(c) Does not arise in view of the reply to (a) & (b) above.

Production of bio-diesel

*328. DR. NARAYAN SINGH MANAKLAO: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government consider higher production of bio-diesel as substitute to petroleum, keeping in view the spiraling global petroleum prices;

(b) if so, the steps taken in this regard;

(c) the comparative cost of importing petroleum and producing bio-diesel;

(d) whether Government propose to encourgare R & D in inventing petroleum substitute;

(e) if so, the details thereof; and

(f) if not, the reasons therefor .and the strategy to meet the future requirement?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) and (b) The Ministry of Rural Development is the nodal Ministry for the proposed National Mission on bio-diesel, being set up with focus on large-scale plantation of Jatropha cultivation. A Detailed Project Report (DPR) on the National Mission on bio-diesel has been submitted by that Ministry to the Planning Commission, which *inter-alia,* envisages a Demonstration Project involving plantation of Jatropha in 4 lakh hectares

of degraded forest and non forest lands for manufacturing bio-diesel. The Planning Commission has given 'in principle' approval to the DPR on demonstration phase estimated to cost Rs. 1286 crores over a period of 5 years.

With a view to encouraging production of bio-diesel in the country, the Ministry of Petroleum and Natural Gas announced a bio-diesel Purchase Policy, in October 2005, effective 1.1.2006. The policy identifies 20 purchase centres of the public sector Oil Marketing Companies (OMCs) all over the country where these companies would purchase bio-diesel which meets the standards prescribed by the Bureau of Indian Standards (BIS), from those bio-diesel manufacturers who register with them after satisfying the technical specifications, at a delivered price of Rs. 25/- litre. The price will be reviewed by the OMCs every six months. Depending upon felt need and preparedness, the OMCs could also open more purchase centres.

The Petroleum Conservation Research Association (PCRA), an organization under the Ministry of Petrleum and Natural Gas, has opened a National Bio-fuel Centre, which disseminates information regarding different activities on bio-diesel.

(c) Bio-diesel industry is at nascent stage and cost of production of bio-diesel would vary for different producing units. OMCs have offered to purchase the bio-diesel at the delivered price of Rs. 25 per litre at specified locations effective 1.1.2006 for a period of six months considering this to be the viable price for mixing bio-diesel with diesel and selling the mix in the market. Bio-diesel industry is at a nascent stage and the cost of production of bio-diesel would vary for different producing units. OMCs have offered to purchase bio-diesel at a delivered price of Rs. 25/- litre at specified locations effective. .1.2006. This price is considered viable for producers of bio-diesel. Comparisions with imported fuel would not be appropriate.

(d) and (e) Yes, Sir. Research and Development (R&D) work on alternative fuels including bio-diesel is in progress.

The Ministry of Non-Conventional Energy Sources is doing R&D work relating to optimization of process parameters, performance of diesel engines using different levels of the blending of bio-diesel and emission studies. Four village level bio-fuel pilot demonstration projects have been

sanctioned, one each in the States of Jharkhand, Karnataka, Madhya Pradesh and Uttar Pradesh to provide energy through non-edible vegetable oils to rural people in far flung areas for lighting, agricultural operations and other purposes, and also to test the performance of stationary engines with different types of non-edible vegetables oils in field conditions.

IOC (R&D) has developed technology for production of bio-diesel from various vegetable oils, which include Rice bran, Jatropha Curcas, Palm, Karanjia and Sunflower. The process has been scaled up to pilot plant level and is available for technology transfer.

Field trails with B5, B10 & B20 (derived from Jatropha Curcus) have been done in Alco Engines of Indian Railways, transport buses of GSRTC, Haryana Roadways and Brihanmumbai Electric Supply & Transport (BEST), Mumbai.

HPCL has signed a Memorandum of Understanding with G.B. Pant University of Agriculture & Technology, Pantnagar for the cultivation of Jatropha, installation of bio-diesel production unit and allied research for the propagation of elite species of Jatropha.

(f) Does not arise.

Future projections of domestic and Foreign Direct Investment

*329. SHRIMATI MOHSINA KIDWAI:
SHRI VIJAY J. DARDA:

Will the Minister of FINANCE be pleased to state:

(a) when he proposes to actually translate his declared assertion that India has a competitive advantage in areas of manufacturing, services BPO sectors etc. by ensuring greater investment both domestic and FDI; and

(b) what is the projected investment in these sectors during 2006-07 especially when considerable ground work has been done by Government during the current fiscal?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) Government's efforts at increasing competitiveness in manufacturing and services sectors have paid dividends. The result is a step up in the growth in these sectors. It has also raised the investment tempo in the industrial